

2001-2005 UNCTAD-WIDE IMPLEMENTATION ACTIVITIES: CONTRIBUTION TO THE REPORT OF THE SECRETARY- GENERAL TO THE GENERAL ASSEMBLY ON IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR LDCs FOR THE DECADE 2001-2010

Introduction

1. In accordance with paragraph 114 of the Programme of Action¹, the United Nations General Assembly in its resolution 59/244 "decided to hold the comprehensive [Mid-term] Review of the Programme of Action within the General Assembly during its sixty-first session, bearing in mind the provisions of GA resolution 57/270B of 23 June 2003² with modalities to be decided upon". The present report describing UNCTAD-wide implementation activities in favour of least developed countries is prepared as UNCTAD's input to the report of the Secretary-General to be submitted to the General Assembly on Mid-term Review of progress in implementation of the Programme of Action which will take place during the 61 session of the GA. The report also highlights the challenges and prospects as well as lessons learned from the implementation experience of UNCTAD in the last five years.
2. Since the adoption of the Programme of Action for LDCs in Brussels in May 2001, UNCTAD has been undertaking extensive activities in favour of these countries at the institutional, intergovernmental, substantive and technical levels. At the institutional and intergovernmental levels, pursuant to paragraph 113 of the Programme of Action, UNCTAD mainstreamed, fully, actions and commitments contained in the PoA into its work programmes and

¹ A/CONF.191/11

² Resolution 57/270 of 23 June 2003 B is on "Integrated and Coordinated implementation of and follow-up to the outcome of the major United Nations conferences and summits in the economic and social fields.

in the work of its intergovernmental machinery. Accordingly, the Trade and Development Board, at its regular and executive sessions continued to deal with issues of critical importance for the development of LDCs including review of progress in implementation of the PoA in areas within the mandates and competence of UNCTAD.

3. The substantive and technical implementation of actions and commitments of the PoA by UNCTAD focus on research and policy analysis, consensus building, technical cooperation and capacity building. As in the previous years, during the last five years, the work of the secretariat on research and policy analysis focuses, mainly, on macro-economic, sectoral and thematic issues of interest to the LDCs with especial emphasis on such issues as poverty reduction strategies including development and mobilization of productive capacities for poverty reduction in LDCs, vulnerability profiles, graduation and smooth transition, effective benefits related to the LDC-status, market access and trade preferences, among others. In addressing these issues, an integrated analysis of such issues as trade, investment and technology from the perspective of least developed countries were given special emphasis. The overall objective of the research and policy analysis activities of UNCTAD is to contribute to global policy debate and consensus aimed at identifying ways and means to beneficially integrate LDCs into multilateral trading system and to the global economy.
4. The technical cooperation and capacity building activities of the secretariat aim at addressing supply and demand side constraints facing these countries. In this area, particular emphasis has been placed on issues of critical importance for these countries such as human resources development, institutional capacity building and policy advice. These include, among other things, trade related technical assistance in the context of the Integrated Framework (IF), trade and trade negotiations, investment, customs modernization (ASYCUDA), Advanced Cargo Information System (ACIS), enterprise development as well as debt management (DMFAS).

Research and policy Analysis: the Least Developed countries 2002 and 2004 Reports

5. The 2002 and 2004 Least Developed Countries Reports that covered the research and policy analysis work of the secretariat on LDCs since the adoption of the PoA, cast further light on the development challenges of least developed countries. The 2002 Report entitled: “Escaping the Poverty Trap” made an attempt to respond to the new challenges set by the Programme of Action for the Least Developed Countries for LDCs for the present decade, in particular the central goal of poverty reduction. Since internationally comparable data on poverty trends are presently not available, the Report seeks to rectify this deficiency by constructing a new data set on poverty in LDCs by combining national accounts and household survey statistics. The report in addition to dealing with the nature, dynamics and specificities of poverty in the least developed Countries, analysed the complex interrelationships between growth and poverty, and the ways in which these are affected by international trade. It provided detail account of generalised poverty in LDCs and analysed the pattern of trade integration in these countries. It placed particular emphasis on the relationship between commodity dependence and poverty, while taking into account the implications of such analyses in designing and implementing effective poverty reduction strategies in LDCs.

6. The Least Developed Countries 2004 Report addressed the linkages between international trade and poverty reduction and the right combination of national and international policies required to improve the socio-economic performance of LDCs. In its assessment of the relations between trade and poverty, the Report contributed to the global debate on trade-poverty interactions; it improved the understanding of complex development processes and contributed to the design of appropriate poverty reduction policies and strategies in these countries. The Report also provided a comprehensive analysis on the recent economic performance of LDCs and the extent and depth of poverty in these countries, which either remained stagnant or worsened. According to the report, today, with 50 per cent of the

population of LDCs living on less than \$1/day and 80 per cent on less than \$2/day, poverty remains a mass phenomenon in these countries. If such trends continue, the number of people living on less than \$1/day in the LDCs will increase substantially by 2015. Moreover, social indicators are also not encouraging and most of the LDCs are off-target to meet human development goals of the Millennium Declaration. For instance, only 11 out of 49 LDCs for which data are available are on course to achieve the MDG of reducing under-5 mortality by two-thirds between 1990 and 2015.

7. The central policy conclusions that emerge from the above-mentioned research and analytical work include: (i) the challenge of development and poverty reduction in the LDCs is immense and will require special efforts to tackle the depth and persistence of underdevelopment and poverty in these countries. (ii) Current policies at both national and international levels are insufficient to meet the challenge of development and poverty reduction in the LDCs, and (iii) it is possible to identify constructive alternatives, which build upon existing global and national processes and make international trade a more effective mechanism of development and poverty reduction in the LDCs.. In this context, the 2004 in particular advocates three pronged development strategy: first, development strategy should be capable not simply of mainstreaming trade in poverty reduction but also of mainstreaming both trade and development within the poverty eradication effort. This requires balanced development, based on agricultural productivity growth, export-led industrialization, diversification through management of mineral resources and employment-intensive technologies. Secondly, improvements in the international trade regime that reduce international constraints on development of the LDCs are crucial for their development. This could include issues beyond the scope of the WTO. For instance commodity dependence and its link with extreme poverty, calls for rapid phasing-out in OECD countries of agricultural support measures that adversely affect LDC exports, crucial for the development of these countries. Similarly, initiatives to ensure greater international transparency in the generation and use of revenues from oil, gas and mineral exploitation in LDCs deserve particular attention. These initiatives and measures, together with international support

to reduce vulnerability to price shocks, including linking debt payments to commodity prices and improving the quality and quantity of development aid should be given particular attention. Thirdly, the Report stresses that it is of utmost urgency to provide financial and technical support for promoting production and trade capacities in the LDCs- this is the area where massive investment is needed in global efforts to assist the least developed countries.

Other research and policy analysis work

8. As part of its research and policy analysis work, the secretariat has undertaken specific studies on: a) effective benefits granted to LDCs, b) market access, c) erosion of preferences, d) Small Island Developing States(SIDS), and d) on landlocked and transit developing countries. The study on the “Least Developed Country status: Effective Benefits and the Perspective of Graduation” dealt with effective benefits derived by the LDCs specifically on the basis of their inclusion in the list of LDCs and the developmental impact of the international support measures in favour of these countries. The issues raised in the note provided opportunities for member States with regard to critical but constructive approaches to making better use of the LDCs’ status in the context of international support measures in favour of them, as well as to the question of a “smooth transition” for graduating LDCs. Further substantive contributions to the work of the Committee on Development Policy were also provided to its subsequent meetings on the revision of the criteria and methodology for inclusion in and graduation from the United Nations list of LDCs. The study was submitted to the forty-ninth session of the Trade and Development Board (7–18 October 2002) and was prepared with the view to facilitating the deliberations of the Board and to contributing to the work of Committee on Development Policy on the subject, in accordance with ECOSOC resolution 200/34.
9. On market access, a study on “Expected Impact of Recent Initiatives in Favor of LDCs in the area of Preferential Market Access” was conducted in response to the request by the 49th session of the Trade and Development Board. The study reviewed the market access initiatives in favour of LDCs

by their main trading partners, namely the Quad countries (Canada, the European Union, Japan and the United States of America). It drew attention to the low level of utilization of market access preferences by LDCs and highlighted national and international measures which could enhance the benefits that could be drawn from enhanced utilization of such preferences. It also discussed some of the main constraints that should be overcome or removed if the effective use of market access preferences was to be enhanced. The obstacles that constrained the effective and full use of market access preferences relate to the relative unpredictability of market access preferences, complex rules of origin, non-tariff barriers to trade, the persistence of agricultural subsidies in developed countries, and weaknesses in the supply capacities of most of LDCs. A further study on the issue of market access entitled: "Duty and Quota Free Access for LDCs: Further Evidence for Computable General Equilibrium Modelling (CGEM)" was published as part of UNCTAD series on Policy Issues in International Trade. In addition, UNCTAD in collaboration with Food and Agriculture Organisation (FAO) under a project financed by the UK Department For International Development (DFID) has developed a partial equilibrium model - the "Agriculture Trade Policy simulation Model (ATPSM2002). These studies and the model containing detailed qualitative and quantitative analysis of trade policy issues were of particular importance for LDCs in their effective participation in on-going WTO negotiations.

10. In this area and in response to the request by the Trade and Development Board (TDB),³ UNCTAD has also undertaken policy oriented research entitled, Erosion of Preferences for the Least Developed Countries: Assessment of Effects and Mitigating Options (TD/B/52/4). The study, which assessed the value of trade preferences and their erosion resulting from MFN tariff reduction, also highlighted the countries and products that are benefiting most from recent preferential market access initiatives in favour of LDCs that are granted by the European Union, Japan and the

³ The 50th session of the Trade and Development Board in its agreed conclusions, 476/L (2003), requested that UNCTAD undertake "research and analysis concerning the consequences for LDCs of the possible erosion of trade preferences resulting from further trade liberalization, and as appropriate, recommend measures to assist the LDCs to mitigate the adverse consequences".

United States. While underlining the growing role of international trade in services and lesser dependence on preferential market access for goods in several LDCs, the study points out that nearly 20 primary commodities of great importance to LDCs (accounting for 59.5 per cent of their total exports of goods and services) are exported to the relevant 3 major markets without enjoying preferential treatment, as these products are exported on MFN duty-free basis (or for a few of them, subject to a very low MFN tariff). On the other hand, about 18 products, from fresh fish to automobile parts, have been exported by LDCs under significant preferential margins on the same markets. Nearly half of all exports of goods from LDCs under market access preferences originated in 11 countries (one-fifth of all LDCs) and related to 17 product categories in 2003. The study has also provided insights into possible measures to mitigate the adverse effects of preference erosion, including such measures as further deepening of existing preferences, seeking financial compensation for countries most severely affected by the erosion phenomenon, and enhancing productive capacities, with a view to reducing the dependence of LDCs on trade preferences.

11. The TDB deliberated on the findings and recommendations of the study. Notwithstanding the divergences of views and opinions among Member States of the TDB, the Board "acknowledges that some of the LDCs could be affected by the erosion of preferences involving certain products of export interest to them and calls for intensified international support measures to enable LDCs to enhance their productive capacities, diversify their economies into non-preference-dependent activities, and improve their utilization of market access preferences made available to them". It also reached an agreement that "such international support measures could also aim at addressing any adverse effects of further multilateral trade liberalization on LDCs". This issue, which was discussed at the WTO Hong Kong Ministerial Conference, remains an important element of the Doha Development Agenda (DDA).

12. On Small Islands Developing States (SIDS) and in the context of the decennial review of the implementation of the Barbados Programme of

Action for the Sustainable Development of Small Island Developing States that took place in Mauritius in January 2005 UNCTAD has published a policy research entitled: "Is Special and Differential Treatment for SIDS possible?" The publication, which was launched at the Conference, addresses three areas of particular relevance to the decennial review of the implementation of the Barbados Programme of Action: (i) the issue of erosion of preferential market access, which is one of the most difficult challenges SIDS are faced with; (ii) the importance of the relationship between trade and the environment in the context of the vital objective of diversifying island economies; and (iii) the question of the definition of SIDS and a need for criteria to enhance the credibility of the United Nations in its support to the category. Consensus at the global level is urgently needed to put in place alternative preferential measures in favour of SIDS. It is equally important to ensure that significant efforts are made to improve the conceptualization of the SIDS category. The research and analytical findings contained in the publication suggest that the vulnerability of SIDS to external factors necessitate special treatment that would help them become more resilient. Hence, the scope for this particular group of countries to be given more favorable treatment in the multilateral trading system or in the sphere of development financing should be expanded.

13. Other research and analysis work focuses on Landlocked Developing Countries (LLDCs) and on both the ways and means to improve the efficiency of transit-transport system, and on addressing the special problems and challenges faced by transit developing countries. For instance, the paper, *Effective Participation of Landlocked Developing Countries in the Multilateral Trading System* (UNCTAD/LDC/2005/3 (Part I +II)), served as a background policy document for the 2005 Ministerial Conference of Trade Ministers of LLDCs held in Asuncion, Paraguay in August 2005 to prepare for the WTO Hong Kong Conference. Part I analyses, in detail, the situation of LLDCs in the international trading system and makes proposals for long-term policy strategies to mitigate the effects of remoteness from world markets, as well as addresses constraints related to poor physical infrastructure, weak institutional and productive capacities, small domestic

markets, and high vulnerability to external shocks. Part II focuses on aspects of the ongoing WTO negotiations, which are most relevant for LLDCs. It highlights the approach and positions pursued by those countries in the Doha process, with a view to facilitating the process of stocktaking and reflection for a coherent and consolidated negotiation strategy of LLDCs on issues of critical importance to them. The main thrust of the papers has also been reflected in the outcome of the 2005 World Summit on the Information Society, which for the first time, "recognizes the special difficulties and concerns of landlocked developing countries in their efforts to integrate their economies into the multilateral trading system" (paragraph 65).

14. Additional research work undertaken by UNCTAD on LLDCs focuses on the transit-transport systems in the West and Central African landlocked and transit developing countries. The study highlights how the transit-transport systems in the West and Central African landlocked and transit neighbours are among the least developed in the world. The transport infrastructure is poor and deteriorating, while significant non-physical bottlenecks impede the smooth flow of transit traffic in the regions' main corridors. The LLDCs of the region have signed several multilateral and bilateral agreements with their transit neighbours, with a view to improving transit trade cooperation. However, progress is slow because of an inadequate level of implementation of agreements. Several pending issues, including inadequacy of human, technical and financial resources, weak private sector, lack of good governance and above all, inadequate cooperation, hinder efficiency in the transit-transport sector. Overall, cooperation on transit-transport is inadequate, whereas nine-tenths of transit freight is carried by road. Rail transport is less and less competitive, as the rail network is very weak and lacks maintenance. National railways are limited and not interconnected. Only two regional LLDC capitals - Bamako and Ouagadougou - are completely linked to the sea by rail. High transport costs hinder the economic development of this group of countries and their integration into the global economy. Also, most human development indicators are at levels far below those recommended by the Millennium Development Goals

(MDGs). On the basis of the findings highlighted above, the study also makes policy proposals for a more efficient transit system in the region. Decisive measures should be taken at the regional and national levels to resolve these issues. Recently, encouraging actions have been taken in that direction, as the major West and Central African Regional Economic Communities (RECs) have launched new initiatives, with a view to improving cooperation in the area of transit-transport. Emphasis is placed on transport facilitation in West Africa and on infrastructure development in Central Africa. Concrete actions are being taken for the implementation of these regional programmes; such actions should be pursued with the support of the international community.

15. A further research and policy analysis work of the secretariat as contained in its 2004 Report on Africa - "Debt sustainability: Oasis or Mirage?", provided technical analysis on the depth and extent of the external indebtedness of the African countries in the context of the Millennium Development Goals (MDGs). The report recommended a complete debt write-off for the poorest countries or the application of alternative debt sustainability criteria that provide lasting solution to the debt overhang of the continent. It also drew attention to the fact that the continent's debt problems and its resource requirements are inextricably linked to the capacity of African countries to generate capital accumulation and growth. The recent G-8 decision to cancel 100 per cent of the multilateral debt of the poorest countries is a step in the right direction in alleviating the debt burden of these countries. The report further reiterated the call for the necessity of doubling the amount of ODA to the continent - a view which was also shared by the recent reports of the millennium Project and the Commission for Africa. The EU's expression of intent to double the amount of ODA to poor countries is also in line with UNCTAD's recommendations.

Technical cooperation and capacity building activities of UNCTAD in LDCs

16. Since the adoption of the Programme of Action for LDCs, in May 2001 extremely important technical cooperation and capacity building programmes have been implemented in LDCs. In the design and delivery of technical cooperation projects and programmes in these countries particular emphasis has also been placed on areas such as human resources development, institutional capacity building and policy advice on a wide range of issues especially trade, investment, technology and enterprise development as well as debt management among others.

Trade and related areas

17. In implementing the actions and commitments contained in the PoA that relate to trade, the secretariat has undertaken several technical cooperation and capacity building activities in LDCs. These encompass, among other things: (i) Integrated Framework (IF), (ii) commodity diversification; (iii) trade negotiations and commercial diplomacy; (iv) trade and competition policy, (v) trade and environment, and (vi) Joint Integrated Technical Assistance Programme to selected least developed countries and other African countries-JITAP.

18. The Integrated Framework (IF) is a multi-agency and multi-donor undertaking that continues to be an important vehicle for the coordinated delivery of trade-related technical assistance and institutional capacity building activities in LDCs. Currently, there are 28 countries⁴ to which the IF is extended. Diagnostic Trade Integration Studies (DTIS) have been completed for 20 countries and DTIS Validation Workshops have so far been held in 20 countries. In addition, implementation meetings with the donor community have been held in Burundi, Cambodia, Madagascar,

⁴ Angola, Benin, Burkina-Faso, Burundi, Cambodia, Chad, Djibouti, Ethiopia, the Gambia, Guinea, Lao PDR, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Tanzania, Uganda, Yemen, and Zambia.

Mauritania, Nepal and Senegal. Diagnostic studies have been launched and are currently in progress in 11 LDCs. UNCTAD's participation in the DTIS process has included substantive contributions to the DTIS chapters on investment and trade facilitation in the following countries: Benin, Chad, Lao PDR and Rwanda. As part of lessons and experience sharing between countries participating in the IF and contributing to country ownership and to effective IF implementation, a further sub-regional workshop was held in Kigali, Rwanda (October 2004) organized by UNCTAD, with funding provided by the Government of Finland and a national workshop took place for Sierra Leone on 17-19 October 2005 in Freetown. The secretariat, with the financial support from the Government of Finland, DFID and the UNDP, has also produced an operational IF Manual entitled, Integrated Framework (IF) for Trade-related Technical Assistance for Least Developed Countries (UNCTAD/LDC/2005/2). The manual which is another contribution by UNCTAD proved useful in assisting beneficiary countries, particularly potential IF countries, in better understanding the IF process. The Manual has been translated into French as well as into Portuguese and distributed to all IF partners and is found to be an important tool in promoting a shared perception and understanding of the IF processes among all stakeholders.

19. In the commodities sector, the main activities undertaken focus on building productive capacities for diversification and commodity-based development, commodity risk management and on improving the quality and competitiveness of commodity exports from LDCs. These also include capacity building activities aimed at promoting horizontal, vertical and geographical diversification of production and trade structures; improving governments' capacities to formulate effective and sequenced policies in this field; increasing competence of enterprises in adapting their business strategies and supplies to the multilateral trading framework; and strengthening positive linkages between commodity sector and the rest of the economy. For instance a project is being implemented for improving the sustainability of cotton production and small-scale farmers' income in cotton producing and exporting countries of West and Central Africa benefited cotton producing and exporting countries of Africa, namely, Benin, Burkina

Faso, Cameroon, Chad, Ivory Coast, Mali and Togo. The project, in addition to contributing to the improved production and supply of cotton and thereby to the overall objective of poverty reduction in the countries involved, assisted in advancing policy decisions about the interactions between increased cotton production, market and environmental protection. The secretariat in close collaboration with the Common Fund for Commodities has also developed another project on “Quality Assurance and Enhancing Export Competitiveness of Tropical Fruits in the African LDCs”. The objective of the project is, to strengthen export capabilities of these countries through diversification into tropical fruits, and in the process, to improve the quality and quantity of their tropical fruits exports. It will assist beneficiary countries in developing their export capacities in order to take advantage of trading opportunities for tropical fruits while building local capacities to meet international and other standards. The project will also contribute to the efforts of LDCs in horizontal and vertical diversification, including in local processing and packaging of tropical fruits by improving their competitive position and by setting up demonstration centers. Currently efforts are being made to mobilize financial resources for the implementation of the project. With regard to commodity risk management particular attention was paid to the oil and gas sector.

20. In the areas of trade negotiations and commercial diplomacy, several LDCs, as a group or individually benefited from UNCTAD’s support in such areas as the WTO Doha Work Programme, services negotiation and trade policies, trade negotiations among developing countries, ACP-EU trade negotiations, accession to WTO, dispute settlement, and the GSP and other trade preferences. For instance, ten LDCs⁵ benefited from the continued implementation of MTS (multilateral trading system) capacity building activities under the JITAP⁶ programme. Activities included support provided to national meetings of inter-institutional committees in these countries assessing the implications of the WTO July Package and preparing

⁵ Benin, Burkina Faso, Malawi, Mali, Mozambique, Mauritania, Senegal, Tanzania, Uganda, and Zambia

⁶ Joint Integrated Programme of Technical Assistance to Selected Least developed and Other African Countries, executed jointly by UNCTAD, WTO and ITC.

for the expected detailed negotiations. Bhutan, Cape Verde, Ethiopia, Laos, Sudan and Yemen were assisted in their accession process to the WTO. Such assistance included advisory support on both substance and procedures of accession, including through simulation exercises on the meetings of the Working Party on accession; training of officials in WTO- related issues including through intensive training sessions in Geneva and in the capitals for members of the negotiating team on how to manage sessions of the WTO Working Party on accession; procurement of IT equipment; and the provision of consultants in specific areas to assist national negotiating team. LDCs have also benefited from focused support on trade in services. This included work on the assessment of trade in services; emergency safeguard measures and subsidies; and the on-going international debate on GATS negotiations in the area of Mode 4 (temporary movement of natural persons supplying services). Further assistance was given to Benin, Cambodia, Guinea, Laos PDR and Mali through series of training courses, seminars and workshops and through regional distance learning (DL) on such issues as agriculture, services trade, July Package and on domestic support to agriculture in the context of WTO trade negotiations. UNCTAD has also developed modelling tools such as TRAINS/WITS (Trade Analysis and Information System/ World Integrated Trade Solution) and the ATPSM (Agricultural Trade Policy Simulation Model). The latter is a simulation model that can be used for quantifying economic effects of changes in trade policies in agriculture. It comprises detailed trade data for 43 of the 50 LDCs. Various studies including analysis of the impact of different WTO proposals have been conducted and 18 LDCs⁷ benefited from ATPSM and capital based trade officials and experts from several LDCs have been trained on how to make use of the model. The general thrust and focus of these activities was on: (a) examining major issues in WTO negotiations in light of national or regional interests, (b) helping countries understand the timeframe for and modalities of negotiations, (c) assisting national committees on WTO to draw their plans of action to meet the challenges of

⁷ Bangladesh, Benin, Bhutan, Cambodia, Cape Verde, Ethiopia, Lao People's Democratic Republic, Malawi, Nepal, Samoa, Senegal, Sudan, Tanzania, Uganda, Vanuatu and Zambia and Yemen.

negotiating deadlines, (d) appraising and exposing participants on methods of negotiations such as “ request/ offer approach” adopted by the Services Council on services negotiations. Generally the workshops offered participants opportunities to understand the negotiating issues and enabled the national committees to develop their respective schedules for the forthcoming negotiations. In the case of ECOWAS workshop, participants were able to exchange best practices, identify their national and regional interests in the ongoing WTO negotiations and to formulate joint negotiating positions. The structure, contents and the outcome of these national and regional workshops could be used as a model for UNCTAD’s activities in favour of LDCs and other interested countries for their effective and informed participation in the WTO negotiations.

21. Meetings of LDC-Trade Ministers offer unique opportunities for developing a common vision and position on issues related to multilateral trade negotiations. Since the Brussels UNLDC three such meetings were organised in Zanzibar (United Republic of Tanzania) in 2001, Dhaka (Bangladesh) in 2003 and in Lusaka (Zambia) in 2005, preceding, the fourth, fifth and the sixth WTO ministerial conferences. UNCTAD provided substantive and technical support to these LDC Trade Ministers’ Meetings including preparing background studies on key issues of interest to LDCs in the WTO trade negotiations. The background papers facilitated the deliberations of ministers and senior officials and contributed to the articulation of their development concerns and interests as well as to formulate and harmonise common negotiating positions. UNCTAD also provided substantive support (See Paragraph 13 above) to the Ministerial Meeting of Landlocked Developing Countries (LLDCs) held in Asuncion, Paraguay in August 2005 to prepare for the WTO Hong Kong Conference. The Hong Kong Ministerial Declaration refers to the work programme on small economies that also covers LLDCs, urging members to adopt specific measures that would facilitate the fuller integration of small, vulnerable economies into the multilateral trading system without creating a sub-category of WTO Members. It was also decided to continue the work in the "Dedicated Session" in the WTO and to monitor the progress of the small

economies' proposals in the negotiations and other bodies of the WTO, with the aim of providing responses to the trade-related issues of small economies as soon as possible, but no later than 31 December 2006.

22. In the area of competition policy, UNCTAD has implemented a capacity building programme on competition law and policy which is tailored to the needs of the LDCs. Beneficiaries included: Angola, Benin, Burkina Faso, Central African Republic, Chad, Guinea, Malawi, Madagascar, Mali, Mauritania, Sudan, United Republic of Tanzania, and Zambia. On issues related to trade, environment and development, UNCTAD and UNEP have jointly prepared a capacity building programme, tailored to meet the needs of LDCs. This is to be implemented within the framework of the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF). The Programme contains a global and several regional components, supporting regional and country-specific training workshops; thematic research, country projects and regional policy dialogues. A CBTF workshop was held in Brussels (21-22 February 2002) to discuss policy options to promote production and trading opportunities for organic agricultural products. LDCs participated in the workshop include: Cambodia, Ethiopia, Haiti, Mozambique, Senegal, Uganda and Zambia.

23. The first phase of the Joint Integrated Technical assistance Programme to selected Least Developed and Other African Countries-JITAP was concluded in December 2002. Benin, Burkina Faso, United Republic of Tanzania, and Uganda; and other non LDC- African countries (Côte d'Ivoire, Ghana, Kenya and Tunisia) benefited from the programme. The evaluation of the programme clearly indicates that JITAP was a successful programme, which had achieved its objectives. The success of the programme included, inter-alia, the development, establishment and operationalization of: (i) inter-institutional committees that would act as advisory bodies to governments in beneficiary countries on issues related to trade policy and WTO negotiations; (ii) multilateral trading system (MTS) reference centres including at the African Union for accessing authentic information on MTS by officials, business communities, and the academia;

(iii) National Enquiry Points (NEPs); and (iv) export sector strategies for priority sectors. A second phase of JITAP was launched in January 2003 for four years (up to 2006) for eight new countries, among which six are LDCs, namely, Malawi, Mali, Mauritania, Mozambique, Senegal, and Zambia. This phase addresses the capacity in beneficiary countries in the following main areas: trade negotiations, implementation of WTO agreements and related trade policy formulation, national knowledge base on MTS, supply capacity and market knowledge of exporting and export-ready enterprises.

Services infrastructure for development and trade efficiency

24. In these areas, technical cooperation and capacity-building activities of UNCTAD cover areas of critical importance for enhancing the institutional and human resources capacity in LDCs. Over the last several years, particular emphasis has been placed on customs modernization and trade facilitation (ASYCUDA), transit and transport improvement through Advanced Cargo Information System (ACIS) and human resources development, among others. Most of the recent activities in the area of customs modernization are related to the implementation of projects for migration to ASYCUDA++ in several LDCs. After the Brussels UNLDC, notably, in 2002, new ASYCUDA projects were signed and started in Benin, Burkina Faso, Cape Verde, Mali, Mauritania, Niger, Togo, Uganda and Zambia. Most of these projects have been directly financed by LDC-governments from the national budget except Cape Verde (financed by the Government of Luxemburg) and Niger (financed by the World Bank). ASYCUDA is a computerized Customs management system covering the whole clearance process from (and prior to) the arrival of the goods until their ultimate release after payment of duties and taxes. The system assists in managing all types of procedures, such as import and export, as well as all other customs regimes, including transit and warehousing. It provides traders with a module that allows for the direct input of declarations, as well as an interface to permit the electronic data exchange between Customs and approved third parties, such as banks, the trader community or other government agencies.

25. On transit transport facilitation, UNCTAD has contributed to the practical implementation of trade facilitation and transport measures by assisting LDCs to install the Advance Cargo Information System (ACIS). This system tracks cargo and transport equipment on all modes of transport and provides reliable and up-to-date statistics and information. The system has been functioning in Tanzania, Uganda and Zambia resulting in savings on Wagon hire charges and generating revenue from the increased carrying capacity from the railways of the region. On human resources development, several of the training packages of UNCTAD have been clustered within the TrainforTrade project for strengthening training capacities in the field of international trade for LDCs. These include the following subjects: multimodal transport and logistics; competition law and policy; trade and environment and investment targeting and promotion. For these training activities and for the distance-learning courses pedagogical materials such as: a participant's manual, user's guide, a CD-ROM with multimedia presentations, videos and case studies were developed and adapted to local situations in these countries. High-level Officials (ten from Benin, ten from Burkina Faso and ten from Mali) were trained simultaneously on competition law and policy through distance learning of training of trainers since 2001. Trainees were provided with a CD-ROM, users' guide, the participant's manual, videos, a comprehensive working plan. Further supports were provided to trade supporting institutions in LDCs in areas such as electronic business (e-business), use of internet for trade efficiency among others. Policy advice to governments and regional integration groupings on ICT and e-business were also pursued in the form of training workshops and seminars.

Investment and Enterprise Development

26. In this field, UNCTAD has been implementing a number of technical cooperation and capacity-building activities in several LDCs. These activities of the secretariat are aimed at assisting LDCs in: creating conducive investment environment, improving their regulatory frameworks and investment regimes, promoting private sector development and

entrepreneurship and in building institutional and human resources capabilities. The overall objective of these activities is to assist LDCs in attracting and benefiting from foreign direct investment and in building vibrant and competitive enterprise sector. The main activities include: Investment Policy Reviews, Promoting Good Governance in Investment, Investment Guides, strengthening public-private sector dialogue, establishing Investment Advisory Council for LDCs and promoting enterprise development through EMPRETEC programme.

27. The Investment Policy Reviews (IPRs) remain an important source of comprehensive policy information on investment related issues in beneficiary countries. These reviews help developing countries especially the LDCs in improving their investment frameworks and in adapting to the changing policy environment at the national and international levels. They also assist participating countries in analysing technical, institutional and policy gaps existing in their economies. LDCs benefiting from the Investment Policy Reviews during the reporting period include: Benin, Ethiopia, Lesotho, Nepal, Rwanda, Mauritania, Tanzania, Uganda and Zambia. In parallel with the IPRs, in 2002, UNCTAD started a new project with the financial support of the Government of Sweden. The project is designed to assist LDCs in their efforts to promote good governance in investment promotion and facilitation. The project will also contribute to streamlining investment procedures and assists in introducing client-oriented and transparent investment administration systems that will facilitate and encourage both national and foreign companies to invest in the countries concerned. The pilot phase includes five LDCs: Ethiopia, Lesotho, Maldives, Mali and Tanzania. Nine LDCs⁸ have also been benefited from another project titled: Investment Guides and Capacity Building for Least Developed Countries (LDCs). The project is a joint initiative by UNCTAD and the International Chamber of Commerce (ICC) to help LDCs attract more foreign direct investment (FDI) from a project on Investment Guides. In addition to the above core activities on investment, the secretariat

⁸ Bangladesh, Cambodia, Ethiopia, Mali, Mauritania, Mozambique, Nepal, Tanzania and Uganda

organised a number of training seminars for LDCs on issues including: Bilateral Investment Treaties, double taxation treaties and related investment issues.

28. With regard to enterprise development a set of important activities have been implemented in selected LDCs. The aim of these activities is to strengthen enterprise and technological capacity in beneficiary countries. For instance, the UNCTAD Linkages Promotion Programme with special attention to women entrepreneurs assisted and enabled Enterprise Uganda to forge an alliance with a venture capital firm, INCOFIN. This combination of SME business services, finance for SMEs and business links will build the productive capacity that developing countries need to compete in the global economy. Moreover, projects aimed at building productive capacities in LDCs such as the EMPRETEC are key in improving the competitiveness of LDC-enterprises. Enterprise Uganda, which is a joint undertaking of the UNCTAD Empretec Programme and the Enterprise Africa Initiative, was officially launched in December 2001, immediately after the UNLDCIII. It has secured funding of US\$1.5 million mainly from the UNDP and from other sources.

Technical solution to debt management (DMFAS)

29. UNCTAD has promoted effective, development-oriented and durable solutions to the debt problems of LDCs. The Debt Management and Financial Analysis System, (DMFAS) Programme has provided technical assistance in debt management. Technical cooperation activities undertaken in the context of DMFAS cover: installation of specialized debt management software including the latest version of the DMFAS (e.g. in Burkina Faso and in the Democratic Republic of Congo) and technical training and assistance in the use of such products. Project activities also cover maintenance and system support, advice on institutional and procedural issues, seminars and workshops for government officials, study tours for government officials to other DMFAS user countries, and assistance in debt analysis and in the development of debt management strategies. Since May

2001 the programme has started a new project in Chad and follow-up projects have been agreed with the governments of Angola, Bangladesh, Burundi, Djibouti, Ethiopia and Togo. An important feature of the DMFAS software is its interface with the World Bank's Debt Sustainability Model Plus (DSM+), an analytical tool designed to assist country officials in formulating a debt strategy – incorporating debt relief or new borrowing alternatives – that is both cost-effective and sustainable, and consistent with long-term macroeconomic policies. DMFAS also enables debt officers to establish a complete and up-to-date debt database and to provide timely and accurate debt statistics. Currently, the Programme is collaborating with 28 institutions (ministries of finance, economic planning and banks) in 21 of the 50 LDCs⁹.

Policy conclusions, challenges and lessons learned

30. From the above list of activities, it can be concluded that LDCs have continued to benefit from the various activities of the UNCTAD secretariat. The beneficiary countries themselves and their development partners have been consistent in appreciating the relevance and value of analytical and technical cooperation activities of the secretariat to their socio-economic progress. The research and policy analysis work has been instrumental in drawing the attention of the international community to the immense challenges of development and poverty reduction in LDCs and in calling for additional and special efforts at the national and international levels to tackle the depth and persistence of underdevelopment and mass poverty in LDCs. For instance, the recent G8 proposal and subsequent decisions of the annual meeting of the World Bank and the IMF to cancel multilateral debts of the poorest countries, is in line with UNCTAD's longstanding calls to cancel debt - including the multilateral debt for these countries. The UNCTAD research and policy analysis work has been consistently highlighting the fact that an increasing share of debt held by poorer countries

⁹ Angola, Bangladesh, Burkina Faso, Burundi, Central African Republic, Chad, Democratic Republic of Congo, Djibouti, Ethiopia, Guinea-Bissau, Haiti, Madagascar, Mauritania, Rwanda, Sao Tome and Principe, Senegal, Sudan, Togo, Uganda, Yemen and Zambia.

is owed to multilateral institutions, and stressed the importance of including multilateral debt in debt reduction initiatives, which had been excluded from previous efforts. Furthermore, the emerging trend to increase the quality and quantity of development aid and other support measures in favour of LDCs is in conformity with the policy conclusions and recommendations contained in the LDC Reports of UNCTAD. However, the above activities alone are insufficient and only supplement other efforts, to bring about the socio-economic transformation needed in LDCs in order for these countries to break away from conditions of mass poverty, marginalization and underdevelopment.

31. The policy conclusions that can be drawn from the last five years experience of UNCTAD in the implementation of the BPoA include: first, international cooperation for development and related policies should increasingly take into account and be responsive to national conditions and priorities of LDCs. This also calls for the strengthened efforts on the part of the donor community in particular and the international community in general. Secondly, at the national level each LDC government should strive to translate policies and commitments agreed in the PoA into concrete measures within the framework of its national development policies and strategies. Thirdly, development problems facing the LDCs are so complex and multifaceted that their effective resolution requires concerted efforts of the LDCs themselves and the international community. Fourthly, LDCs are characterized by mass poverty and underdevelopment. Hence, most of these countries are already off-target in meeting the Millennium Development Goals (MDGs) and the goals and targets of the Brussels Programme of Action. Finally, few LDCs have been making progress although sustaining such progress is daunting given the uncertainty to forecast the impacts of domestic and external factors that can have influence on their economic growth and development in these countries.

32. Similarly, the extent and scope of technical cooperation and capacity building activities of the secretariat in LDCs point to the fact that building effective and durable capacity in countries that have structural and

interrelated development problems such as the least developed countries is complex and daunting. Hence, capacity building especially the task of institutional and human resources development in LDCs should be seen from a long-term perspective. Over the last couple of years, the demand for technical cooperation and capacity building programmes of UNCTAD has been steadily rising and sustained efforts have been made by the secretariat, donors funding the activities and by beneficiary countries themselves in response to the expanding needs. However, the gap and mismatch between the demands for technical assistance and the resources available to effectively and quickly respond to the needs of beneficiary countries has continued to undermine the delivery capacities of the secretariat, and the sustainability and long-term impact of technical cooperation programmes. The substantial amount of technical cooperation and capacity-building activities undertaken in LDCs are financed from extra budgetary resources. While the generous funding by donors of LDC-specific activities is encouraging, problems of predictability related to extra-budgetary resources continues to undermine sustainability and continuity of several programmes and projects. This situation in turn may reduce the developmental impact of projects and programmes at the national level.

33. Further lessons to be drawn are that regional and sub-regional projects and programmes provide an opportunity for exchange of experiences and they generally tend to be cost-effective while national projects focus more on specific problems and hence, are oriented towards specific solutions in a given country. Regional and national technical cooperation and capacity building activities should therefore be seen as complementary. Secondly, where there exists determined effort and close cooperation among counterpart institutions in beneficiary countries, donors providing financial support and executing agencies, the implementation of projects and programmes is expeditious and the results are more effective. Thirdly, projects particularly those with longer time- span have created committed and competent national counterparts that are willing to take an active part in the long-term implementation of projects. Counterpart personnel in beneficiary countries have shown a strong interest to acquire new skills. Finally, interesting and

more encouraging trend observed in the delivery of technical cooperation and capacity building programmes over the last five years, is the evolution of interagency cooperation. There was close collaboration between the various organs and organisations of the UN-System, regional organisations, sub-regional groupings and the private sector in several areas of intervention covered by the report.

34. Another issue of particular significance for LDCs that should be taken into serious consideration is to seek ways and means to enhance the substantive (or developmental) impact of technical cooperation and capacity building projects and programmes on their institutions and economies. LDCs should be encouraged to engage in constant dialogue with their development partners and international institutions to maximize the impact of programmes and projects implemented in their favour. Experience has also shown that active involvement of beneficiary countries in the design and implementation of programmes and projects is of paramount importance in ensuring successful outcomes. It is equally important that requests from LDCs for technical cooperation and capacity building programmes/projects should be based on the critical assessment of domestic gaps and needs so that, upon completion, the relevance and impact of projects/programmes could be judged based not only on the effectiveness of their implementation but also against their concrete contributions in addressing local problems and constraints. To that end ongoing efforts aimed at enhancing ownership capacities of LDCs should be continued. Independent assessment with the involvement LDCs and their development partners of the operational activities undertaken in LDCs is critical in ensuring predictability and sustainability of such activities and in improving their contribution to the trade and development prospects of the least developed countries.